

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	§	
	§	Chapter 11
W.R. GRACE & CO., <i>et al.</i> ,	§	
	§	Case No. 01-01139 (KJC)
Reorganized Debtors.	§	(Jointly Administered)
	§	

**NOTICE OF FILING OF AUDITED ANNUAL REPORT AND CLAIM
SUMMARY OF RICHARD B. SCHIRO, TRUSTEE FOR THE WRG
ASBESTOS PROPERTY DAMAGE SETTLEMENT TRUST, CLASS 7A**

Richard B. Schiro, the Trustee for the WRG Asbestos Property Damage Settlement Trust, Class 7A (the “Class 7A Trustee”), files the Audited Annual Report for the period from January 1, 2022 through December 31, 2022, which is attached hereto as Exhibit “A”. A summary of the number and type of claims disposed of during the period covered by the Audited Annual Report (the “Claims Summary”), is attached hereto as Exhibit “B”.

Pursuant to the provisions of the *First Amended WRG Asbestos Property Damage Settlement Trust Agreement*, the Trustee is providing copies of the Audited Annual Report and the Claims Summary to the Asbestos PD Future Claimants’ Representative (the “PD FCR”) and Reorganized Debtors.

Dated: April 27, 2023

Respectfully submitted,

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By: /s/ Deborah D. Williamson
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**ATTORNEYS FOR RICHARD B. SCHIRO,
CLASS 7A TRUSTEE OF THE WRG
ASBESTOS PD TRUST**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 27th day of April, 2023, the foregoing was filed with the Court and served via the Court's CM/ECF system to all of the parties registered to receive such notice, and via first class U.S. postal mail to:

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Delaware Trustee

Wilmington Trust Company
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Attention: Corporate Trust Administration

/s/ Deborah D. Williamson
Deborah D. Williamson

Exhibit A
Audited Financial Report

WRG Asbestos PD Settlement Fund (Class 7A)

**Audited Financial Statements - Cash Basis
Years Ended December 31, 2022 and 2021**

WRG Asbestos PD Settlement Fund (Class 7A)

Audited Financial Statements - Cash Basis
Years Ended December 31, 2022 and 2021

WRG Asbestos PD Settlement Fund (Class 7A)

Contents

Independent Auditor's Report	1-3
Financial Statements - Cash Basis	
Statements of Assets, Liabilities and Net Claimants' Equity - Cash Basis	4
Statements of Changes in Net Claimants' Equity - Cash Basis	5
Notes to the Cash Basis Financial Statements	6-8



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Independent Auditor's Report

Trustee
WRG Asbestos PD Settlement Fund (Class 7A)
Dallas, Texas

Opinion

We have audited the cash basis financial statements of WRG Asbestos PD Settlement Fund (Class 7A) (the Settlement Fund), which comprise the statements of assets, liabilities and net claimants' equity - cash basis as of December 31, 2022 and 2021, and the related statements of changes in net claimants' equity - cash basis for the years then ended, and the related notes to the cash basis financial statements.

In our opinion, the accompanying cash basis financial statements present fairly, in all material respects, the net assets of the Settlement Fund as of December 31, 2022 and 2021, and the changes in net assets for the years then ended, in accordance with the cash basis of accounting described in Note 2 to the cash basis financial statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Cash Basis Financial Statements* section of our report. We are required to be independent of the Settlement Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 of the cash basis financial statements which describes the basis of accounting. As described in Note 2, the accompanying cash basis financial statements were prepared by the Settlement Fund on the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the cash basis financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Cash Basis Financial Statements

Management is responsible for the preparation and fair presentation of the cash basis financial statements in accordance with the cash basis of accounting as described in Note 2 to the cash basis financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of cash basis financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the cash basis financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Settlement Fund's ability to continue as a going concern within one year after the date that the cash basis financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Cash Basis Financial Statements

Our objectives are to obtain reasonable assurance about whether the cash basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the cash basis financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the cash basis financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the cash basis financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Settlement Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the cash basis financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Settlement Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Other Matter - Restriction of Use

Our report is intended solely for the information and use of the Settlement Fund and is not intended to be and should not be used by anyone other than the specified party.

Other Matter - Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the annual report and account of the Settlement Fund for the year ended December 31, 2022 but does not include the cash basis financial statements and our auditor's report thereon. Our opinion on the cash basis financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the cash basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the cash basis financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BDO USA, LLP

McLean, Virginia
April 5, 2023

Financial Statements - Cash Basis

WRG Asbestos PD Settlement Fund (Class 7A)

Statements of Assets, Liabilities and Net Claimants' Equity - Cash Basis

<i>December 31,</i>	<i>2022</i>	<i>2021</i>
Assets		
Cash	\$ 29,521	\$ 81,075
Total assets	29,521	81,075
Net claimants' equity	\$ 29,521	\$ 81,075

See accompanying notes to the cash basis financial statements.

WRG Asbestos PD Settlement Fund (Class 7A)**Statements of Changes in Net Claimants' Equity - Cash Basis**

<i>Years Ended December 31,</i>	2022	2021
Additions		
Income	\$ -	\$ -
Total additions	-	-
Deductions		
Operating expenses	124,854	199,763
Total deductions	124,854	199,763
Decrease in net claimants' equity	(124,854)	(199,763)
Net claimants' equity		
Beginning of the year	81,075	154,112
Funding from WR Grace	73,300	126,726
End of the year	\$ 29,521	\$ 81,075

See accompanying notes to the cash basis financial statements.

WRG Asbestos PD Settlement Fund (Class 7A)

Notes to the Cash Basis Financial Statements

1. Description and Funding of the Settlement Fund

The WRG Asbestos Property Damage Settlement Trust (the PD Trust), organized pursuant to the laws of the State of Delaware, was established pursuant to the First Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code of W.R. Grace & Co., et al., the Official Committee of Asbestos Personal Injury Claimants, the Asbestos PI Future Claimants' Representative, and the Official Committee of Equity Security Holders as Modified Through December 23, 2010 (as it may be amended or modified) (the Plan) and became effective on February 3, 2014 (the Effective Date). The purpose of the PD Trust is to assume all liability and responsibility for all Allowed PD Trust Claims including (a) assume, direct and perform the processing, liquidation and payment of all such claims in accordance with the Plan and the PD Trust agreement; (b) preserve, hold, manage and maximize the assets of the PD Trust for use in paying and satisfying PD Trust Claims and all costs and expenses incurred in relation thereto; (c) qualify at all times as a qualified settlement fund for federal income tax purposes.

The PD Trust is represented by 2 Trustees: Class 7A Trustee and the Class 7B (ZAI) Trustee. The classifications of PD Claims are defined by the Plan. Pursuant to the First Amendment to WRG Asbestos Property Damage Settlement Trust Agreement, effective October 10, 2014, each Trustee administers their class of claims and the operations of their fund separately. Those assets under the control of the Class 7A Trustee shall be designated as WRG Asbestos PD Settlement Fund (Class 7A) (the Settlement Fund).

On the Effective Date, the Settlement Fund was funded with cash contributions from W.R. Grace & Co., its affiliates, one or more members of the FMCH Group (as defined in the Plan) and one or more members of the Sealed Air Group (as defined in the Plan) in the amount of \$151,228,441. This funding was recorded by the Settlement Fund as an increase to net claimants' equity. Allowed Class 7A PD claims totaling \$150,935,225 were paid by the Class 7A Trustee on the Effective Date and were recorded as a reduction to net claimants' equity. The remaining funds totaling \$293,216 were used to pay all Settlement Fund operating expenses through July 1, 2014.

In addition, W.R. Grace transferred Canadian \$8,595,632 to the Class 7A Trustee to pay allowed Canadian Class 7A PD claims. The Class 7A Trustee then remitted the full amount of the Canadian funds received to the Canadian claim representative on the Effective Date.

Subsequent to the Effective Date, two additional Class 7A PD claims totaling \$383,366 were allowed and paid from the Settlement Fund in 2014. No additional Class 7A PD claims were allowed or paid from the Settlement Fund in 2022 and 2021. To date, all known allowed Class 7A PD claims have been paid by the Class 7A Trustee. The Settlement Fund remains open and effective to assume, process and liquidate all PD Claims as they may arise until the termination of the PD Trust. Amounts necessary to satisfy any additional Class 7A PD claims allowed will be funded to the Settlement Fund by W.R. Grace & Co., et al. and its affiliates pursuant to the Deferred Payment Agreement (Class 7A PD).

WRG Asbestos PD Settlement Fund (Class 7A)

Notes to the Cash Basis Financial Statements

2. Significant Accounting Policies

Basis of accounting

The Settlement Fund's policy is to prepare its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under the cash basis of accounting, additions to net claimants' equity are generally recorded based on the receipt of cash. Costs and expenses are generally recorded based on the disbursement of cash. Under GAAP, operating expenses and claims would be recorded during the period the expense is incurred, and funding would be recorded when the amounts were settled and collectability was reasonably assured. Additionally, under GAAP, contingent assets and liabilities associated with potential future funding and claims would be assessed for accrual in the financial statements.

Operating expenses

Operating expenses of the Settlement Fund are recorded as deductions on the statements of changes in net claimants' equity in the period in which the invoices are paid.

Income taxes

The Settlement Fund is classified as a Qualified Settlement Fund pursuant to the Internal Revenue Code and Regulations (the Code) thereunder. As a result, the Settlement Fund is subject to federal income taxes based on modified gross income, as defined by the Code. In the opinion of management, the Settlement Fund is not subject to state income taxes. Income tax expense is recorded when paid.

Concentrations of credit risk

The Settlement Fund's assets that are exposed to credit risk consist of cash. Cash is maintained at financial institutions and, at times, balances may exceed federally insured limits. The Settlement Fund has never experienced any losses related to these balances. Amounts on deposit are not in excess of federally insured limits at December 31, 2022.

3. Net Claimants' Equity

Pursuant to the Deferred Payment Agreement (Class 7A PD), W. R. Grace & Co., et al. and its affiliates are obligated to provide future advances to the Settlement Fund on a semi-annual basis to pay the amount of all Asbestos PD Claims that were allowed against the Settlement Fund during the previous six month period, plus interest accrued on those claims, as well as the estimated funds required to pay Settlement Fund operating expenses for the next six months.

Because the funds required to pay future claims and operating expenses will be received in the future and over the life of the Settlement Fund, the net claimants' equity reported in these cash basis financial statements does not reflect the total equity available to current and/or future Settlement Fund beneficiaries.

WRG Asbestos PD Settlement Fund (Class 7A)

Notes to the Cash Basis Financial Statements

4. Subsequent Events

The Settlement Fund has evaluated its December 31, 2022 financial statements for subsequent events through April 5, 2023 the date the financial statements were available to be issued. The Settlement Fund is not aware of any subsequent events which would require recognition or disclosure in the cash basis financial statements.

Exhibit B
Summary of Number and Type of Claims
Disposed of During 2022

No claims were filed with the Trust in 2022.

There are no pending allowed claims against the Trust.

No claims have been disposed of during 2022.